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FACT

FOUNDATION FOR
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AND CIVIC TRUST

CELA

May 13, 2016

Federal Election Commission
Office of General Counsel
999 E Street, NW
Washington, D.C. 20463

OFFICE OF GENERAL
COUNSEL

2016 MAY 18 PM 12: 52

RECEIVED
FEDERAL ELECTION
COMMISSION

Re: Patrick Murphy and Floridians for a Strong Middle Class

Dear Counsel,

The Foundation for Accountability and Civic Trust (FACT) is a nonprofit organization dedicated to promoting accountability, ethics, and transparency in government and civic arenas. We achieve this mission by hanging a lantern over public officials who put their own interests over the interests of the public good. Pursuant to 52 U.S.C. § 30109(a)(1), FACT submits this complaint and request for an investigation with the Federal Election Commission (FEC or Commission) against Patrick Murphy and Floridians for a Strong Middle Class (Floridians), an independent expenditure only committee registered with the FEC and formed to support Patrick Murphy's campaign for U.S. Senate (FEC ID C00577049).

Based upon information and belief, Patrick Murphy and Floridians may have violated the Federal Election Campaign Act of 1971 and Commission Regulations. Murphy's super PAC has been primarily funded by Murphy's own company and a family member with whom he has financial ties, which appears to be unlawful coordination between a candidate and his super PAC. The Commission must immediately investigate and enforce the law.¹

In April 2015, Floridians was formed as a super PAC to support Murphy's candidacy for U.S. Senate.² Since registering with the FEC, Floridians has been primarily funded by entities and individuals directly tied to Murphy.³ One \$300,000 donation came from

¹ See 52 U.S.C. § 30109(a)(2); 11 C.F.R. § 111.4(a).

² Adam C. Smith, *Super PAC Emerges to Help Patrick Murphy for US Sen.*, Tampa Bay Times, Apr. 30, 2015 (Attached as Exhibit A).

³ Kristen M. Clark, *Super PAC Shuffle: Murphy 'Hates' Them, But Family's Company Gives \$300K to One That Backs Him*, Miami Herald, Apr. 19, 2016 (Attached as Exhibit B); FEC, *Floridians Super PAC, Report of Receipts and Disbursements*, filed July 31, 2015 and Apr. 15, 2016; see also Alex Leary, *Patrick Murphy Bemoans Super PAC Era While Getting Super PAC Help*, Tampa Bay Times, Aug. 26, 2015 (Attached as Exhibit D).

1-NOV-14-11-AM-08

Murphy's own family business, Coastal Construction Group, of which Murphy owns between \$1,000,001 and \$5,000,000 of the company.⁴ Murphy's father, Thomas P. Murphy, Jr., who is the CEO of Coastal Construction and financially tied to Murphy, has donated an additional \$200,000 to the super PAC. As of Floridians' last FEC filing, these two donations make up over half of all contributions made to the super PAC.

Both Murphy as a candidate and Floridians as a super PAC are registered with the FEC, and regulated by the Federal Election Campaign Act.⁵ Under the law, a super PAC may accept unlimited donations and make expenditures advocating for a candidate, but there cannot be any cooperation with a candidate or a candidate's campaign.⁶

It appears that Murphy is using his own company to enrich his super PAC. Murphy is directly tied to the donation from Coastal Construction because he partly owns the company. It is indicative of coordination that Murphy's super PAC has received the majority of funding from Murphy's company and his father with whom he is financially tied. Moreover Thomas P. Murphy, Jr. has a history of making questionable campaign donations. In 2014, Thomas P. Murphy Jr. was reportedly part of a donor swap scheme between House candidates' parents, which included Representative Ami Bera's (CA-07) father who recently pleaded guilty to making illegal donations to his son's campaign.⁷ It is simply unrealistic to believe that Murphy's business and his father are funding the super PAC without coordinating in any way with Murphy or his campaign.

The Commission should immediately investigate whether Murphy is illegally enriching his super PAC to aid his Senate bid. If the Commission finds a violation, it should impose appropriate sanctions, enjoin the respondents from all future violations, and impose any additional and appropriate remedies to ensure compliance with the Act.

⁴ Jonathan Mattise, *Gift Triples U.S. Rep. Patrick Murphy's Personal Wealth*, TC Palm, Dec. 30, 2013 (Attached as Exhibit C).

⁵ See 52 U.S.C. §§ 30101, 30118; *SpeechNow.org v. Fed. Election Comm'n*, 599 F.3d 686, 696 (D.C. Cir. 2010).

⁶ *Id.* § 30101(17). An independent expenditure is defined as:

[A]n expenditure by a person—

(A) expressly advocating the election or defeat of a clearly identified candidate; and

(B) that is not made in concert or cooperation with or at the request or suggestion of such candidate, the candidate's authorized political committee, or their agents, or a political party committee or its agents.

Id.

⁷ John Myers, *'I Have, In Fact, Done the Crime': Rep. Ami Bera's Father Admits Illegal Campaign Contributions*, The Los Angeles Times, May 10, 2016; Chris Palmer & Jonathan Tamari, *Candidates' Parents' Mutual Donations*, The Philadelphia Inquirer, May 14, 2014 (Attached as Exhibit E).

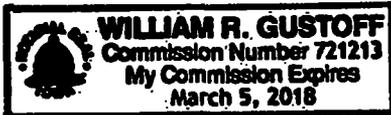
Respectfully submitted,

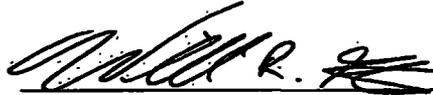


Matthew G. Whitaker, Executive Director
Foundation for Accountability & Civic Trust
1717 K Street NW, Suite 900
Washington, D.C. 20006

State of Iowa, County of Polk

Signed and sworn to before me on May 13, 2016, by Matthew Whitaker.



 Notary Public
My Commission Expires: 03/05/18

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Tampa Bay Times

WINNER OF 12 PULITZER PRIZES

THE BUZZ

From the staff of the Tampa Bay Times

Super PAC emerges to help Patrick Murphy for US Sen.



Adam C. Smith, Times Political Editor

Thursday, April 30, 2015 1:18pm

A new Super PAC has been formed to help elect U.S. Rep. **Patrick Murphy**, D-Jupiter, to the U.S. Senate seat now held by **Marco Rubio**. Floridians for a Strong Middle Class, which filed papers with the state earlier this week, is not bound by the \$2,700 cap on individual contributions that Murphy's campaign is, and it cannot directly coordinate with the Murphy campaign.

Leaders of the committee include Tampa Democratic operatives/activists **Ana Cruz** and **Alan Clendenin**, former Bill Nelson aide **Brian May** of Miami (better known to some folks as the fellow who tried to slip a message to Alex Sink during her debate with Rick Scott in 2010), and **Jennifer May** of Washington handling compliance. Murphy's father, construction company owner Thomas Murphy, could be a major donor to Floridians for a Strong Middle Class, but a Democrat involved with the effort said that Thomas Murphy would be among a broad array of Democrats if he contributes. **Ashley Walker**, who led Barack Obama's last Florida campaign, is a senior adviser.

Murphy so far is the only Democrat in the race and the clear favorite of the national and state Democratic establishment. The more liberal U.S. Rep. **Alan Grayson**, D-Orlando, has said he is leaning toward running for the nomination as well.

Several prominent Republicans have taken a pass on running. U.S. Rep. **Ron DeSantis**, R-Ponte Vedra Beach so far looks like the most likely Republican candidate.

Most independent analysts view the open seat as a pure toss-up at this point.

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POLITICS APRIL 19, 2016 3:56 PM

Super PAC shuffle: Murphy 'hates' them, but family's company gives \$300K to one that backs him



HIGHLIGHTS

Jupiter congressman has been critical of super PACs but benefits from one

Super Pacs are prohibited from coordinating with candidates' campaigns

Critics, including his Democratic primary opponent, call Murphy a hypocrite

PHOTOGRAPH BY [unreadable]





BY KRISTEN M. CLARK

Herald/Times Tallahassee Bureau

TALLAHASSEE — Democratic U.S. Senate candidate Patrick Murphy consistently expresses disdain for super PACs — even while being a shareholder in a family business that recently dumped \$300,000 into a super PAC supporting his bid for higher office.

The Jupiter congressman owns between \$1 million and \$5 million worth of stock in his father's company, Miami-based Coastal Construction Group, according to financial disclosures Murphy has filed with the U.S. House of Representatives since his first election in 2012.

Coastal gave a \$300,000 donation to the pro-Murphy super PAC, "Floridians for a Strong Middle Class," at the end of March. That was on top of a \$200,000 donation that Murphy's father and Coastal's chairman and CEO, Thomas Murphy Jr., gave in December.

Thomas Murphy's and Coastal's donations account for more than half of the super PAC's reported income to date, according to Federal Election Commission records.

But "I hate super PACs," Patrick Murphy told the Palm Beach Post on Monday after a campaign event in West Palm Beach. "I think Citizens United was one of the biggest mistakes in our country's history."

Super PACs are not bound by campaign contribution limits, but they are prohibited by federal law from coordinating with a candidate's campaign.

“

I THINK IT'S HARD TO EXPLAIN HOW THIS ISN'T AN ILLEGAL COORDINATION.

U.S. Rep. Alan Grayson, D-Orlando

Murphy's campaign said there was no coordination with "Floridians for a Strong Middle Class," but his primary opponent U.S. Rep. Alan Grayson, D-Orlando, questions whether there was.

"I think it's hard to explain how this isn't an illegal coordination," Grayson said. "He's a shareholder in the company and the company turns around and gives a huge donation to his super PAC. It smacks of utter desperation on his part."

When asked whether the family shareholders were consulted about the contribution, Coastal Vice Chairman Dan Whiteman told the Herald/Times on Tuesday that Thomas Murphy Jr. "personally directed the contribution."

Patrick Murphy's U.S. Senate campaign declined to make the congressman available for an interview Monday or Tuesday, nor would his political advisers agree for a spokesman to be interviewed on his behalf.

Instead, spokeswoman Galia Slayen provided a written statement.

"It goes without saying that our campaign follows the letter and the spirit of the law, and Patrick's record on this issue is clear," Slayen said. "He has sponsored the bill to overturn Citizens United and has been endorsed by the grassroots group End Citizens United."

Citizens United was the 5-4 U.S. Supreme Court decision in 2010 that made it unconstitutional for the government to limit political spending of private companies. The ruling opened the door to allowing super political action committees (PACs) and political groups funded by "dark money," which have heavily influenced recent election cycles.

“

IT GOES WITHOUT SAYING THAT OUR CAMPAIGN FOLLOWS THE LETTER AND THE SPIRIT OF THE LAW.

Galia Slayen, Senate campaign spokeswoman for U.S. Rep. Patrick Murphy, D-Jupiter

"Progressives can't fight against the millions poured in by the Tea Party and Koch brothers with our hands tied behind our backs," Slayen added, noting that a super PAC supporting Republican candidate and U.S. Rep. Ron DeSantis, R-Ponte Vedra Beach, has more than \$1 million on hand for the U.S. Senate race. (By comparison, "Floridians for a Strong Middle Class" reported \$841,000 in cash on hand, as of March 31.)

Beside DeSantis, four other Republican candidates are also running, three of whom also have super PACS supporting them. Grayson and Republican Todd Wilcox are the only two U.S. Senate contenders without super PAC help.

Critics from both political parties blast Murphy for double-speak because he says he dislikes super PACs but still benefits from one whose top donors are Murphy's father and the family business.

Grayson called it "rank hypocrisy."

Ian Prior, spokesman for the Senate Leadership Fund — which is affiliated with Karl Rove's conservative super PAC, American Crossroads — said, "If Murphy really wants to get money out of politics, he will stop using a business that he owns to fund a super PAC that exists solely to get him elected to the U.S. Senate."

When pressed for further comment, Slayen said in an updated statement: "To get rid of the money in our politics, progressives have to win elections. ... so while Patrick strongly supports campaign finance reform, he believes change will happen when Democrats take back the Senate and overturn Citizens United."

Murphy's financial disclosure records show that in 2012 he declared between \$1,000 and \$2,500 in income from his investment in Coastal. More recently, in 2013 and 2014, he reported income ranging from \$100,000 to \$1 million each year. The income "reflects growth in the company but was never disbursed" to Murphy, the annual reports state.

Before joining Congress in 2013, Murphy worked for Coastal. He reported a \$98,000-a-year salary as Coastal's vice president of environmental services.

A 2012 profile on the company by the Miami Herald described Coastal as "one of the largest Florida-based construction firms." Thomas Murphy Jr. founded the company in 1988. Top executives include several other members of the Murphy family, including Patrick Murphy's two older brothers.

Thomas Murphy has a history of giving sizable donations to super PACs supporting his son. In Patrick Murphy's first U.S. House race in 2012, Thomas Murphy gave \$250,000 to the pro-Murphy super PAC, American Sunrise.

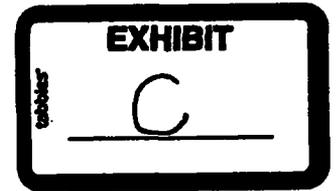
Kristen M. Clark: 850-222-3095, kclark@miamiherald.com, [@ByKristenMClark](https://twitter.com/ByKristenMClark)



Gift triples U.S. Rep. Patrick Murphy's personal wealth

Dec. 30, 2013

SHARE



U.S. Rep. Patrick Murphy

By Jonathan Mattise

The month before he took office, U.S. Rep. Patrick Murphy boosted his personal wealth with \$1 million to \$5 million in family company stock from his construction executive father, according to federal financial disclosures.

Murphy, D-Jupiter, said that last December he received the shares of his family's privately owned company in Miami, Coastal Construction Group. The gift at least tripled Murphy's 2011 net worth as a Congressional District 18 candidate, when he listed no shares in the family business.

U.S. House candidates and congressional members have to disclose a range of values for their assets and liabilities. Murphy's 2011 form puts his net worth between \$136,000 and \$320,700. With the stock, Murphy's 2012 worth registered between about \$1.1 million and \$5.4 million.

"My dad is the primary shareholder, along with my brothers and some other family members, so (it's) a family business," Murphy said. "And, like many family businesses, my dad's getting older and gifting some of that to his children and relatives."

Murphy's father, Thomas Murphy Jr., and Coastal Construction played prominent roles in his son's win over ex-Republican U.S. Rep. Allen West. Murphy's dad fueled a combined \$550,000 into super PACs that bashed West in ads. His family members and Coastal Construction employees donated almost \$94,000 to Murphy's 2012 campaign.

Murphy also made a \$98,050 salary with Coastal Construction in both 2011 and 2012, the disclosure states.

Coastal Construction ranks among the 100 biggest construction contractors in the county. The group has worked on Donald Trump's South Florida high-rises, college buildings, resorts and more. Murphy also helped found a spinoff subsidiary, Coastal Environmental Services, which helped clean up after the Gulf of Mexico oil spill for eight months.

Even with stock valued in seven figures, Murphy isn't the wealthiest member running in District 18, which includes St. Lucie, Martin and northern Palm Beach counties.

Former state Rep. Carl Domino, a Jupiter Republican running for Murphy's seat, was once the richest member in the Legislature. Before his failed 2012 bid to return to the Florida House, the wealth adviser listed his 2011 net worth at \$24.3 million. Florida legislative and statewide candidates have to report their exact net worth.

Calvin Turnquest, another District 18 Republican contender and former council member in Tequesta, also unsuccessfully ran alongside Domino for the Florida House in 2012. His financial disclosure for 2011 lists his net worth at \$10,500.

They lost to state Rep. MaryLynn Magar, a Tequesta Republican who represents parts of Martin and northern Palm Beach counties in Florida House District 82.

DISTRICT 18 FINANCIAL DISCLOSURES U.S. Rep. Patrick Murphy, D-Jupiter

2012: about \$1.1 million to \$5.4 million

2011: about \$136,000 to \$320,700

Ellen Andel, Republican from Juno Beach

2012: about \$200,000 to \$720,700

Alan Schlesinger, Republican from Singer Island

2012: about \$1.7 million to \$6.3 million

Calvin Turnquest, Republican from Tequesta

2011: \$10,500

Carl Domino, Republican from Jupiter

2011: \$24.3 million

Ilya Katz, Republican from Sunny Isles Beach

No disclosure filed



Collections

Candidates' parents' mutual donations

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By Chris Palmer and Jonathan Tamari, Inquirer Staff Writers
POSTED: May 14, 2014

As Kevin Strouse jumped into a high-profile congressional race in Bucks County, his parents sent \$10,400 last June to the campaign of U.S. Rep. Ami Bera, a California Democrat in another closely contested district.

Two days later, Strouse's campaign got the same amount, \$10,400, from Bera's parents.

The pattern was repeated at least three other times last year, campaign finance records show. In each, Strouse's parents - who had never before donated to federal candidates beyond Pennsylvania - sent money to Democrats in tight congressional races in Colorado, Florida, and Illinois.

Days before or after, those candidates' parents sent nearly identical contributions - usually for the maximum allowed - to Strouse's campaign.

The donations appear legal, campaign finance experts say, though two said any agreement among the parents to trade donations could be viewed as an attempted end run around contribution limits.

If nothing else, they illustrate how a candidate's parents could help fill his or her campaign coffers after already giving the maximum individual donation.

"What it would turn on is whether or not there was a specific understanding and this was a deal," said Larry Noble, former general counsel to the Federal Election Commission. "How do they know each other? Why did they do it? What was the timing of it?"

Exactly how the parents of candidates in far-flung congressional races aimed nearly matching donations at one another's children is unclear.

Strouse, his campaign and his parents did not respond to multiple requests for interviews, including two left at Robert and Norma Strouse's home in Glenmoore. Parents of two other candidates - one in Illinois and the other in California - hung up when contacted by The Inquirer. Two others did not return calls left for comment.

The only clear link between the parents is that their children are each running in House districts deemed priorities by national Democrats.

The Democratic Congressional Campaign Committee on Monday declined to discuss the contributions or say if the party had a role introducing the parents or directing their donations.

Instead, it released a two-line statement that said: "Our Red to Blue and Emerging candidates are on the vanguard of the fight to put solutions ahead of reckless brinkmanship and fight for middle-class families. As the top tier pickup opportunities in the country, these races generate tremendous enthusiasm from our allies and candidates' own networks."

Maxed out

Strouse, 34, a handpicked DCCC candidate who moved to the district from the District of Columbia last year, is locked in a fight with businesswoman Shaughnessy Naughton, 35, to be the party's nominee in the Eighth District.

The May 20 primary winner will face the Republican incumbent, Mike Fitzpatrick, in the fall contest.

Robert and Norma Strouse hit the donation limit - \$2,600 per person per election - for their son in April 2013, just as the first-time candidate, a former Army Ranger, filed to run for the seat.

In all, Strouse's parents have given \$49,400 to eight Democrats running in priority House races this year - not counting \$10,400 to their son. The parents of at least four of those candidates donated \$28,400 to Strouse.

In almost every case, the donations were dated just days before the campaigns were scheduled to file finance reports to the FEC - a time candidates and committees traditionally ramp up fund-raising so they can boast about swollen war chests.

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In June, Robert Strouse sent \$5,200 to the campaign of U.S. Rep. Patrick Murphy (D., Fla.). (The Floridian is no relation to the former Bucks County congressman with the same name.) Four days later, Murphy's father, Thomas P. Murphy Jr., sent an identical campaign contribution to Kevin Strouse.

In September and December, Strouse's parents sent checks to the campaign of Ann Callis, a Democratic challenger in Illinois. Within days, Callis' parents sent nearly identical amounts back to Strouse's campaign.

Reached at home Sunday night, Lance Callis at first explained the donation by saying Strouse might have sent him political information he agreed with. But he declined to elaborate and hung up.

Robert Strouse also gave \$5,200 - again the maximum - to House candidate Andrew Romanoff of Colorado on Oct. 3. That was sent four days after Romanoff's mother had contributed \$2,600 to the Strouse campaign.

For Romanoff's mother, Gayle Caplan, it was the first time she had given to a federal candidate other than her son and President Obama. When contacted at home in California on Sunday, Caplan said, "I don't talk to reporters," and hung up.

Bera's parents were not home and could not be reached. The Bera, Callis, and Romanoff campaigns did not respond to requests for comment Monday. Murphy's campaign declined to comment.

Strouse's parents have also donated to four other top-tier Democrats who, according to FEC records, do not appear to have given back to Kevin Strouse.

The other parents have also been generous. Like the Strouses, the Beras and Lance Callis have also given to multiple campaigns this cycle, usually helping candidates named as Democratic priorities for 2014. All three families, for example, gave to U.S. Rep. Raul Ruiz (D., Calif.).

Lance Callis and Bera's father, Babulal Bera, each gave to the reelection campaign of Murphy, the Florida congressman. Murphy's mother, Leslie, also sent \$5,200 to Ami Bera.

Brett Kappel, an election law attorney at Arent Fox, said he was not aware of any case where donors were prosecuted civilly or criminally for trading donations. But he said an explicit agreement among the parents regarding the donations "would be problematic."

Two other experts said that even with an agreement, the parents would be within their rights.

"As long as the money comes from the person that is reported as its source, and the money is kept by the candidate that receives it, those types of cooperative agreements are not illegal," said Paul S. Ryan, a senior counsel at the nonpartisan Campaign Legal Center. "I don't think it is at all unusual in politics for, say, members of the Democratic caucus in Congress to encourage their donors to support their colleagues."

Said Ronald Jacobs, a political law attorney at Washington firm Venable: "Even if there was an agreement, I have a hard time figuring out what law would be broken there."

No Explanation

For Strouse, the donations from other candidates' parents equal about 4 percent of the nearly \$765,000 he had raised through May 8.

His father, Robert, is an Army veteran and former partner at the law firm Drinker Biddle. He's now the president at Wind River Holdings, an investment firm based in King of Prussia.

Robert Strouse has given to both Democrats and Republicans in the past, FEC records show. His wife, Norma, had made just one federal donation.

Three Democratic political operatives contacted by The Inquirer said they had never heard of exchanges of donations by parents, though they all said it was common for lawmakers to trade PAC contributions and for wealthy donors to use deals to mutually support chosen causes.

"It's a way for rich friends to say, 'Whom do you want me to give to? And you give to my guys,'" said Neil Oxman, a Philadelphia political consultant. "It is not unusual."

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